

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8-166036

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING January 1, 2009 AND ENDING December 31, 2009
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Investment Network, Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

484 South Miller Road, Suite 101

OFFICIAL USE ONLY

FIRM I.D. NO.

(No. and Street)

Fairlawn

Ohio

44333

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Gary Arnold 330-564-0567

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

SEC Mail Processing
Section

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

HOBE & LUCAS CPA'S, INC.

FEB 25 2010

(Name - if individual, state last, first, middle name)

Washington, DC
110

4807 ROCKSIDE ROAD, SUITE 510

INDEPENDENCE

OH

44131

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any of its possessions.

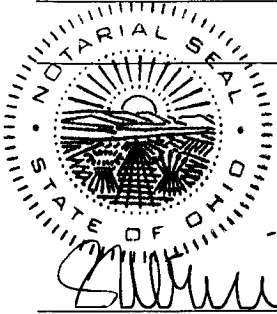
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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

280
3/8/10

OATH OR AFFIRMATION

I, Gary Arnold, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Investment Network, Inc., as of December 31, 2009, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



STEPHANIE PRIBONIC
NOTARY PUBLIC
STATE OF OHIO
Recorded in
Summit County
My Comm. Exp. 11/26/12

Notary Public

Gary L. Arnold
Signature
PRESIDENT
Title

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☒ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

****For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

INVESTMENT NETWORK, INC.
DECEMBER 31, 2009

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Hobe & Lucas

Certified Public Accountants, Inc.

4807 Rockside Road, Suite 510 Phone: (216) 524.8900
Independence, Ohio 44131 Fax: (216) 524.8777
<http://www.hobe.com>

INDEPENDENT AUDITORS' REPORT

To the Shareholder
Investment Network, Inc.
Fairlawn, Ohio

We have audited the accompanying statement of financial condition of Investment Network, Inc. as of December 31, 2009, and the related statements of operations, changes in stockholder's equity, changes in liabilities subordinated to claims of creditors and cash flows for the year then ended, that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Investment Network, Inc. as of December 31, 2009, and the results of its operations and its cash flows for the fourteen months then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I, II, and III is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hobe & Lucas
Certified Public Accountants, Inc.

February 5, 2010

Independent Member

B K R
INTERNATIONAL

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INVESTMENT NETWORK, INC.
Statement of Financial Condition
December 31, 2009

ASSETS

Cash	\$ 134,483
Deposit with clearing organization	55,589
Accounts receivable - trade	16,539
Prepaid expenses	4,500
Office equipment	6,710
Less: accumulated depreciation	<u>(6,710)</u>
TOTAL ASSETS	<u>\$ 211,111</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities:

Accrued commissions	\$ 4,346
Accrued and withheld payroll taxes	2,052
Liabilities subordinated to claims of general creditors	<u>75,000</u>
Total liabilities	<u>81,398</u>

Stockholder's equity:

Capital stock 100 shares authorized, issued and outstanding, no par value	10,000
Additional paid-in capital	79,342
Retained earnings	<u>40,371</u>
Total stockholder's equity	<u>129,713</u>

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$ 211,111</u>
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The accompanying notes are an integral part of these financial statements.

INVESTMENT NETWORK, INC.

Statement of Income

Year Ended December 31, 2009

Revenues	
Commissions & fees	\$ 425,031
Interest	803
	<u>425,834</u>
Expenses	
Registered representatives' compensation	264,950
Payroll and related expenses	44,144
Clearance, trading and regulatory fees	40,421
Professional fees	19,243
Occupancy	11,924
Interest expense	2,625
Other expenses	14,445
	<u>397,752</u>
Net Income	<u>\$ 28,082</u>

The accompanying notes are an integral part of these financial statements.

INVESTMENT NETWORK, INC.
Statement of Changes in Stockholder's Equity
Year Ended December 31, 2009

	<u>Capital Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance - beginning of year	\$ 10,000	\$ 74,865	\$ 12,289	\$ 97,154
Additional paid-in capital	-	4,477	-	4,477
Current year net income	<u>-</u>	<u>-</u>	<u>28,082</u>	<u>28,082</u>
Balance - end of year	<u>\$ 10,000</u>	<u>\$ 79,342</u>	<u>\$ 40,371</u>	<u>\$ 129,713</u>

The accompanying notes are an integral part of these financial statements.

INVESTMENT NETWORK, INC.
Statement of Changes in Liabilities Subordinated to Claims of Creditors
Year Ended December 31, 2009

	<u>Note Payable - Stockholder</u>
Subordinated liabilities - beginning of year	\$ 75,000
Changes in subordinated liabilities	<u>-</u>
Subordinated liabilities - end of year	<u>\$ 75,000</u>

The accompanying notes are an integral part of these financial statements.

INVESTMENT NETWORK, INC.

Statement of Cash Flows
Year Ended December 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$ 28,082
Adjustments to reconcile net income to net cash provided by operating activities	
(Increase) decrease in:	
Deposit with clearing organization	(2)
Accounts receivable - trade	(12,980)
Prepaid expenses	(4,500)
Increase (decrease) in:	
Accrued commissions	2,936
Accrued and withheld payroll taxes	<u>(5,969)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES 7,567

CASH FLOWS FROM FINANCING ACTIVITIES

Capital contributions	<u>4,477</u>
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NET CASH PROVIDED BY FINANCING ACTIVITIES 4,477

NET INCREASE IN CASH 12,044

CASH AT BEGINNING OF YEAR 122,439

CASH AT END OF YEAR \$ 134,483

Supplemental information:

Interest paid	<u><u>\$ 2,625</u></u>
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The accompanying notes are an integral part of these financial statements.

INVESTMENT NETWORK, INC
Notes to Financial Statements
December 31, 2009

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Investment Network, Inc. (Company) was incorporated under the laws of the State of Ohio on April 24, 2003. The Company is a securities broker-dealer registered with the SEC and is a member of the Financial Industry Regulatory Authority (FINRA). The Company's principal office is located in Fairlawn, Ohio.

Basis of Accounting

The financial statements of the Company have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Income Taxes

The Company, with the consent of its shareholder, has elected under the Internal Revenue Code to be an S corporation. In lieu of corporation income taxes, the shareholder of the S corporation is taxed on his proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements.

Reporting periods ending December 31, 2006, December 31, 2007, December 31, 2008 and December 31, 2009 are subject to examination by major taxing authorities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B – DEPOSIT WITH CLEARING ORGANIZATION

A deposit totaling \$55,589 at December 31, 2009 represents an interest bearing account held by Mesirow Financial, Inc., the clearing organization for the Company, who has possession of customer funds and acts as custodian for all customer securities on a fully disclosed basis.

INVESTMENT NETWORK, INC
Notes to Financial Statements (Continued)
December 31, 2009

NOTE C – ACCOUNTS RECEIVABLE – TRADE

Accounts receivable are listed at net realizable value and are considered by management to be fully collectible. Accordingly, no allowance for doubtful accounts is considered necessary.

NOTE D – OFFICE EQUIPMENT

Office equipment is stated at cost. Depreciation is computed using the straight-line method for financial reporting purposes over the estimated useful lives of the assets. For federal income tax purposes, depreciation is computed under the modified accelerated cost recovery system.

Expenditures for major renewals and betterments that extend the useful lives of the assets are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Office equipment	\$ 6,710
Less: accumulated depreciation	<u>6,710</u>
Net office equipment	<u><u>\$ -</u></u>

NOTE E – PENSION PLAN

No pension contributions were made to the Company's SEP-IRA retirement plan for the year ended December 31, 2009.

NOTE F – LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS

The borrowing under a subordination agreement at December 31, 2009, consisted of the following:

Note Payable-Shareholder, 3 1/2%, due December 31, 2012.	<u><u>\$ 75,000</u></u>
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The subordinated borrowing is covered by an agreement approved by FINRA and is thus available in computing net capital under the Securities and Exchange Commission's uniform net capital rule. To the extent that such borrowing is required for the Company's continued compliance with minimum net capital requirements, it may not be repaid.

INVESTMENT NETWORK, INC
Notes to Financial Statements (Continued)
December 31, 2009

NOTE G – NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. In addition, equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2009, the Company had net capital of \$200,213, which was \$150,213 in excess of its required minimum net capital of \$50,000. The Company's net capital ratio was 0.03 to 1.

NOTE H – MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS

The Company's management has reviewed and evaluated subsequent events through February 4, 2010 for possible inclusion in the financial statements for the year ended December 31, 2009. No items were identified for inclusion. The financial statements were available for issue on February 4, 2010.

NOTE I – RENT

The Company rents its office space on a month to month basis. Rental expense was \$9,000 for the year ended December 31, 2009.

SUPPLEMENTARY INFORMATION

INVESTMENT NETWORK, INC.

Computation of Net Capital

December 31, 2009

NET CAPITAL COMPUTATION

Total stockholder's equity from December 31, 2009 financial statements	\$ 129,713
Less: Non-allowable assets	
Prepaid expenses	(4,500)
Add: Liabilities subordinated to claims of general creditors	
Note payable - stockholder	<u>75,000</u>
NET CAPITAL	<u>\$ 200,213</u>
COMPUTATION OF AGGREGATE INDEBTEDNESS	<u>\$ 6,398</u>
COMPUTATION OF BASIC NET CAPITAL REQUIREMENT- 6 2/3% OF AGGREGATE INDEBTEDNESS	<u>\$ 427</u>
MINIMUM REQUIRED NET CAPITAL	<u>\$ 50,000</u>
EXCESS NET CAPITAL	<u>\$ 150,213</u>
EXCESS NET CAPITAL AT 1000%	<u>\$ 199,573</u>
RATIO: AGGREGATE INDEBTEDNESS TO NET CAPITAL	<u>0.03 to 1</u>

Investment Network, Inc.
Additional Information required
Pursuant To Rule 15c3-3 Of The
Securities And Exchange Commission
December 31, 2009

Computation For Determination of Reserve Requirements and Information Relating To Possession or Control

The Company is not required to present the schedule "Computation for Determination of Reserve Requirements Under Rule 15c3-3" and "Information for Possession or Control Requirements Under Rule 15c3-3" as it meets the exemptive provisions of Rule 15c3-3.

Hobe & Lucas

Certified Public Accountants, Inc.

4807 Rockside Road, Suite 510 Phone: (216) 524.8900
Independence, Ohio 44131 Fax: (216) 524.8777
<http://www.hobe.com>

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL **REQUIRED BY SEC RULE 17a-5**

To the Shareholder
Investment Network, Inc.

In planning and performing our audit of the financial statements and supplemental schedules of Investment Network, Inc.(the Company) as of and for the year ended December 31, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verification, and comparisons and recordation of differences required by Rule 17a-13
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use of disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Independent Member

B K R
INTERNATIONAL

Firms In Principal Cities Worldwide

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand the practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report, were adequate at December 31, 2009, to meet the SEC's objectives.

This report is intended solely for the information and use of management, the SEC, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than those specified parties.

Hobe & Lucas
Certified Public Accountants, Inc.

February 5, 2010

Hobe & Lucas

Certified Public Accountants, Inc.

4807 Rockside Road, Suite 510 Phone: (216) 524.8900
Independence, Ohio 44131 Fax: (216) 524.8777
<http://www.hobe.com>

Independent Accountants' Report on Applying Agreed-Upon Procedures Related to an Entity's SIPC Assessment Reconciliation

To the Board of Directors of Investment Network, Inc.
484 South Miller Road, Suite 101
Fairlawn, Ohio

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying Transitional Assessment Reconciliation (Form SIPC-7T) to the Securities Investor Protection Corporation (SIPC) for the period from April 1, 2009 to December 31, 2009, which were agreed to by Investment Network, Inc., and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc. and SIPC, solely to assist you and the other specified parties in evaluating Investment Network, Inc.'s compliance with the applicable instructions of the Transitional Assessment Reconciliation (Form SIPC-7T). Investment Network, Inc.'s management is responsible for the Investment Network, Inc.'s compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SPIC-7T with respective cash disbursement records noting no differences;
2. Compared the Total Revenue amounts of the audited Form X-17A-5 for the year ended December 31, 2009 less revenues reported on the FOCUS reports for the period from January 01, 2009 to March 31, 2009, as applicable, with the amounts reported in Form SIPC-7T for the period from April 1, 2009 to December 31, 2009 noting no differences;
3. Compared any adjustments reported in Form SIPC-7T with supporting schedules and working papers (Excel spreadsheets derived from the general ledger) that were prepared by management noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7T and in the related schedules and working papers (Excel spreadsheet derived from the general ledger) that were prepared by management supporting the adjustments noting no differences; and
5. Not applicable – there is no overpayment.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

Hobe & Lucas CPA's Inc.

February 4, 2010

SIPC-7T

(29-REV 12/09)

SECURITIES INVESTOR PROTECTION CORPORATION
 805 15th St. N.W. Suite 800, Washington, D.C. 20005-2215
 202-371-8300

Transitional Assessment Reconciliation

(Read carefully the instructions in your Working Copy before completing this Form)

SIPC-7T

(29-REV 12/09)

TO BE FILED BY ALL SIPC MEMBERS WITH FISCAL YEAR ENDINGS

1. Name of Member, address, Designated Examining Authority, 1934 Act registration no. and month in which fiscal year ends for purposes of the audit requirement of SEC Rule 17a-5:

066036 FINRA DEC
 INVESTMENT NETWORK INC 13*13
 484 S MILLER RD STE 101
 FAIRLAWN OH 44333-4176

Grey L. Arnold
 (330) 564-0568

Note: If any of the information shown on the mailing label requires correction, please e-mail any corrections to form@sipc.org and so indicate on the form filed.

Name and telephone number of person to contact respecting this form.

Grey L. Arnold

2. A. General Assessment [item 2e from page 2 (not less than \$150 minimum)] \$ 430
- B. Less payment made with SIPC-6 filed including \$150 paid with 2009 SIPC-4 (exclude interest) (150)
- 7/20/09
 Date Paid
- C. Less prior overpayment applied ()
- D. Assessment balance due or (overpayment) 280
- E. Interest computed on late payment (see instruction E) for days at 20% per annum
- F. Total assessment balance and interest due (or overpayment carried forward) \$ 286
- G. PAID WITH THIS FORM:
 Check enclosed, payable to SIPC
 Total (must be same as F above) \$ 280
- H. Overpayment carried forward \$()

3. Subsidiaries (S) and predecessors (P) included in this form (give name and 1934 Act registration number):

The SIPC member submitting this form and the person by whom it is executed represent thereby that all information contained herein is true, correct and complete.

Investment Network, Inc.
 (Name of Corporation, Partnership or other organization)

Grey L. Arnold
 (Authorized Signature)

PRESIDENT
 (Title)

Dated the 15th day of FEBRUARY, 20 10.

This form and the assessment payment is due 60 days after the end of the fiscal year. Retain the Working Copy of this form for a period of not less than 6 years, the latest 2 years in an easily accessible place.

SIPC REVIEWER

Dates: Postmarked Received Reviewed

Calculations Documentation

Exceptions:

Disposition of exceptions:

Forward Copy

**DETERMINATION OF "SIPC NET OPERATING REVENUES"
AND GENERAL ASSESSMENT**

Amounts for the fiscal period
beginning April 1, 2009
and ending December, 20 09
Eliminate cents

Item No.

2a. Total revenue (FOCUS Line 12/Part IIA Line 9, Code 4030)

\$ 347,652

2b. Additions:

- (1) Total revenues from the securities business of subsidiaries (except foreign subsidiaries) and predecessors not included above.
- (2) Net loss from principal transactions in securities in trading accounts.
- (3) Net loss from principal transactions in commodities in trading accounts.
- (4) Interest and dividend expense deducted in determining item 2a.
- (5) Net loss from management of or participation in the underwriting or distribution of securities.
- (6) Expenses other than advertising, printing, registration fees and legal fees deducted in determining net profit from management of or participation in underwriting or distribution of securities.
- (7) Net loss from securities in investment accounts.

Total additions

0

2c. Deductions:

- (1) Revenues from the distribution of shares of a registered open end investment company or unit investment trust, from the sale of variable annuities, from the business of insurance, from investment advisory services rendered to registered investment companies or insurance company separate accounts, and from transactions in security futures products.
- (2) Revenues from commodity transactions.
- (3) Commissions, floor brokerage and clearance paid to other SIPC members in connection with securities transactions.
- (4) Reimbursements for postage in connection with proxy solicitation.
- (5) Net gain from securities in investment accounts.
- (6) 100% of commissions and markups earned from transactions in (i) certificates of deposit and (ii) Treasury bills, bankers acceptances or commercial paper that mature nine months or less from issuance date.
- (7) Direct expenses of printing advertising and legal fees incurred in connection with other revenue related to the securities business (revenue defined by Section 16(9)(L) of the Act).
- (8) Other revenue not related either directly or indirectly to the securities business.
(See Instruction C):

116,847

57,019

- (9) (i) Total interest and dividend expense (FOCUS Line 22/PART IIA Line 13, Code 4075 plus line 2b(4) above) but not in excess of total interest and dividend income.

\$ 1,969

- (ii) 40% of interest earned on customers securities accounts (40% of FOCUS line 5, Code 3960).

\$ 305

Enter the greater of line (i) or (ii)

1,969

Total deductions

175,835

2d. SIPC Net Operating Revenues

\$ 171,817

2e. General Assessment @ .0025

\$ 430

(to page 1 but not less than
\$150 minimum)